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COMPARATIVE DRAFT OF SECTION 9 OF THE AGRICULTURAL
ADJUSTMENT ACT SHOWING PROPOSED FEED GRAIN AMENDMENT BY ~~UNDERSCORING~~ ★
U. S. Department of Agriculture

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Sec. 9. (a) To obtain revenue for extraordinary expenses incurred by reason of the national economic emergency, there shall be levied processing taxes as hereinafter provided. (1) When the Secretary of Agriculture determines that rental or benefit payments are to be made with respect to any basic agricultural commodity, he shall proclaim such determination, and a processing tax shall be in effect with respect to such commodity from the beginning of the marketing year therefor next following the date of such proclamation; except that, in the case of sugar beets and sugarcane, the Secretary of Agriculture shall, on or before the thirtieth day after the adoption of this amendment, proclaim that rental or benefit payments with respect to said commodities are to be made, and the processing tax shall be in effect on and after the thirtieth day after the date of the adoption of this amendment. (2) When the Secretary of Agriculture determines (A) that rental or benefit payments are to be made with respect to one or more basic agricultural commodities used primarily as feed for the production of basic livestock and basic livestock products (including only corn, barley and grain sorghums), and (B) that control of the production of such livestock and livestock products can best be made effective by control of the acreage of such commodity or commodities so used for feed, and proclaims such determination, specifying in such proclamation his determination of the kinds of livestock and livestock products which customarily require in their production the use of such basic agricultural commodity or commodities for feed purposes, a processing tax shall be in effect with respect to each of the specified kinds of livestock or livestock products, as well as with respect to such

basic agricultural commodity or commodities, from the beginning of the respective marketing years for such livestock and livestock products, and for such commodity or commodities, next following the date of such proclamation. Livestock and livestock products as used in this section shall include only hogs, cattle, sheep, and milk used in the manufacture of butter, cheese, evaporated milk, condensed milk, dried milk and cream, malted milk, and canned sterilized milk. (3) When the Secretary of Agriculture determines to make expenditures to expand the markets for, or to remove the surpluses of, any basic agricultural commodity, or any product thereof, pursuant to section 12(b), and proclaims such determination, a processing tax shall be in effect with respect to such commodity for the marketing year therefor next following the date of such proclamation. In the case of sugar beets and sugarcane, the calendar year shall be considered to be the marketing year and for the year 1934 the marketing year shall begin January 1, 1934. The processing tax shall be levied, assessed, and collected upon the first domestic processing of the commodity, whether of domestic production or imported, and shall be paid by the processor. The rate of tax shall conform to the requirements of subsection (b). Such rate shall be determined by the Secretary of Agriculture as of the date the tax first takes effect, and the rate so determined shall, at such intervals as the Secretary finds necessary to effectuate the declared policy, be adjusted by him to conform to such requirements. Any processing tax which becomes effective with respect to any commodity by virtue of clause (1) of this subsection shall terminate at the end of the marketing year current at the time the Secretary proclaims that rental or benefit payments are to be discontinued with respect to such commodity, and any processing tax which becomes effective with respect to any commodity by virtue of clause (2) of this subsection shall

terminate at the end of the marketing year, for such commodity, current at the time the Secretary proclaims that rental or benefit payments are to be discontinued with respect to such commodity or, in the case of any kind of livestock or livestock products, are to be discontinued with respect to all basic agricultural commodities used primarily as feed for the production of such kind of livestock or livestock products. The marketing year for each commodity shall be ascertained and prescribed by regulations of the Secretary of Agriculture: Provided, That upon any article upon which a manufacturers' sales tax is levied under the authority of the Revenue Act of 1932 and which manufacturers' sales tax is computed on the basis of weight, such manufacturer's sales tax shall be computed on the basis of the weight of said finished articles less the weight of the processed cotton contained therein on which a processing tax has been paid, Provided, further that in any marketing year no more than one tax may be effective with respect to any commodity pursuant to this subsection.

(b) The processing tax shall be at such rate as equals the difference between the current average farm price for the commodity and the fair exchange value of the commodity; except that no processing tax which becomes effective on any kind of livestock or livestock products pursuant to clause (2) or clause (3) of section 9 (a) of this title, shall be at a rate which exceeds the rate specified for such livestock or livestock products in the following table:

<u>Hogs</u>	-	<u>\$1.25 per 100 pounds</u>
<u>Cattle</u>	-	<u>.30 per 100 pounds</u>
<u>Sheep</u>	-	<u>.20 per 100 pounds</u>
<u>Milk</u>	-	<u>1.25 per 100 pounds of butterfat content</u>

If, however, at any time, the Secretary has reason to believe that the tax at the rate specified in the preceding sentence, or at the existing rate, on the processing of the commodity generally, or for any designated use or uses, or in the production of any designated product or products thereof for any designated use or uses, is causing or will cause such reduction in the quantity of the commodity or products thereof domestically consumed as to result in the accumulation of surplus stocks of the commodity or products thereof or in the depression of the farm price of the commodity, then he shall cause an appropriate investigation to be made and afford due notice and opportunity for hearing to interested parties. If thereupon the Secretary finds that any such result is occurring or will occur, then the processing tax on the processing of the commodity generally, or for any designated use or uses or in the production of any designated product or products thereof for any designated use or uses, shall be at such lower rate as he finds and proclaims will prevent such accumulation of surplus stocks and depression of the farm price of the commodity. * * *

SEC. 11. As used in this title, the term "basic agricultural commodity" means wheat, rye, flax, barley, cotton, field corn, grain sorghums, hogs, cattle, sheep, rice, tobacco, sugar beets and sugarcane, peanuts and milk (provided however that whenever any tax becomes effective with respect to milk by virtue of a proclamation pursuant to clause (2) or clause (3) of Section 9 (a) only such milk as is used for the purposes specified in said clause (2) shall be deemed a basic commodity during the effective period of such tax). and any regional or market classification, type, or grade thereof;

